



CHAIR — SUE HORNE, NEVADA COUNTY

FIRST VICE CHAIR — DAVID FINIGAN, DEL NORTE COUNTY

SECOND VICE CHAIR — HARRY OVITT, SAN LUIS OBISPO COUNTY

PAST CHAIR — RICHARD FORSTER, AMADOR COUNTY

PRESIDENT AND CEO — GREG NORTON

EXECUTIVE VICE PRESIDENT — PATRICIA J. MEGASON

VICE PRESIDENT OF HOUSING — JEANETTE KOPICO

March 9, 2007

Mr. Winston Hickox
Chair, Market Advisory Committee
California Environmental Protection Agency
1001 I St.
Sacramento, California 95814

RE: Proposed Market-Based Incentive Program

Dear Chair Hickox:

On behalf of its 30 member counties, the Regional Council of Rural Counties (RCRC) appreciates the daunting task the Market Advisory Committee (MAC) is undertaking to recommend a market-based incentives program to the Air Resources Board (ARB) as part of the California Global Warming Solutions Act of 2006 (AB 32). RCRC plans to be fully engaged in the process to represent the interests of California's rural counties in what will surely be a complex task for all concerned parties.

RCRC is pleased that the MAC is considering carbon credits trading as a viable market-based emissions reduction approach. Local governments manage various operations that have the potential for substantial emissions reductions, including landfills, truck and bus fleets, wastewater treatment districts, energy providers, and forestry management services.

Based on discussions at the February 27, 2007 MAC meeting, RCRC is concerned that the MAC may recommend a program that allocates allowances in such a way that municipalities cannot participate. If allowances are strictly allotted via an auction system, local agencies do not have the financial ability to compete with private businesses and will be effectively prohibited from participating in any resulting credits trading program. RCRC hopes that the MAC would ensure that local agencies are able to participate in any credits trading program ultimately proposed to the ARB, and strongly recommends that a percentage of allowances be made available without cost to local governments in order to capitalize on their considerable emissions reductions potential.

RCRC looks forward to working with the MAC in the near future. Thank you for your consideration in this matter. Please feel free to contact me at (916) 447-4806 if you have any questions.

Sincerely,

Staci Heaton
Director of Regulatory Affairs

CC: Members, Market Advisory Committee
RCRC Board of Directors